



**PIONEER INVESTCORP
LIMITED**

MATERIAL SUBSIDIARY POLICY

The Board of Directors of Pioneer Investcorp Limited (“the Company”) at their Meeting held on August 28, 2014 with immediate effect, adopted the following Material Subsidiary Policy in compliance with Clause 49 of the Listing Agreement entered into by the Company with BSE Limited.

MATERIAL SUBSIDIARY POLICY

I. INTRODUCTION

Pioneer Investcorp Limited (the “Company” or “PIL”) recognizes that Material Subsidiary (as defined below) can have potential impact on the financial status of the Holding Company and may raise questions about whether operation and management of such material subsidiary are favourable in the interest of its Holding Company and its stockholders’ best interests. Therefore, this policy regarding the determination of Material Subsidiary has been adopted by the Company’s Board of Directors in order to set forth the procedures under which such material subsidiary and certain transactions with it must be reviewed and approved or ratified.

II. DEFINITIONS

For the purposes of this policy, the following definitions apply:

Definitions under Listing Agreement

Material Subsidiary

A subsidiary shall be considered as material if the investment of the company in the subsidiary exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated twenty per cent of the consolidated income of the company during the previous financial year.

Subsidiary Company

As per the Provisions of Section 2(87) of the Companies Act, 2013 “**subsidiary company**” or “**subsidiary**”, in relation to any other company (that is to say the holding company), means a company in which the holding company—

- (i) controls the composition of the Board of Directors; or
- (ii) exercises or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have

layers of subsidiaries beyond such numbers as may be prescribed.

Explanation.—For the purposes of this clause,—

(a) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;

(b) the composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;

(c) the expression "company" includes any body corporate;

(d) "layer" in relation to a holding company means its subsidiary or subsidiaries;

Significant Transaction or Arrangement

"significant transaction or arrangement" shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the material unlisted subsidiary for the immediately preceding accounting year.

Material Related Party Transactions as defined under the Listing Agreement

A transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company. (as amended from time to time)

III. PROCEDURES

1. Disclosure of significant Accounting Transactions :

The minutes of the Board meetings of the unlisted Material subsidiary company shall be placed at the Board meeting of the listed holding company. The management should periodically bring to the attention of the Board of Directors of the listed holding company, a statement of all significant transactions and arrangements entered into by the unlisted Material subsidiary company.

2. Disposal of Assets of Material Subsidiary or Material Subsidiary

Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

3. Disposal of Shares of Material Subsidiary

No company shall dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.

IV. DISCLOSURE

Every Significant Accounting transactions with Material Subsidiary shall be disclosed in the following manner:

- i. In the Board's report to the shareholders along with the justification for entering into such contract or arrangement;
- ii. Details of all material transactions with Material Subsidiary shall be disclosed quarterly along with the compliance report on corporate governance; and
- iii. The company shall disclose the policy on dealing with Material Subsidiary on its website and also in the Annual Report.

for **Pioneer Investcorp Limited**

Place : Mumbai

Date:

Director
Din: